APPENDIX A

Amended Opinion of the Court of Appeals

(As amended pursuant to order entered June 12, 1967)

IN THE

UNITED STATES COURT OF APPEALS

FOR THE SEVENTH CIRCUIT

No. 15916 SEPTEMBER TERM, 1966 — APRIL SESSION, 1967

BISHMAN MANUFACTURING CO. and GEORGE T. HEMMETER,
Plaintiffs-Appellees,
v.
STEWART-WARNER CORPORATION,
Defendant-Appellant.

Appeal from the United States District Court for the Northern District of Illinois, Eastern Division.

MAY 3, 1967

Before HASTINGS, *Chief Judge,* CASTLE, and SWYGERT, *Circuit Judges.*

SWYGERT, *Circuit Judge.* Stewart-Warner Corporation, a Virginia corporation with its principal place of business in Chicago, Illinois, appeals from a judgment of the district court in an action for patent infringement brought by George T. Hemmeter and Bishman Manufacturing Company, a Minnesota corporation, as the owner and exclusive licensee, respectively, of United States Letters Patent No. 3,094,003. The district court held claim four of the patent valid and infringed and awarded costs to

the plaintiffs.[1] *Bishman Mfg. Co.* v. *Stewart-Warner Corp.*, 259 F. Supp. 300 (N.D. Ill. 1966). The defendant contends (1) that claim four of the patent is invalid; (2) that the doctrine of file wrapper estoppel prevents the plaintiffs from claiming infringement by the defendant's device; (3) that the plaintiffs are estopped by equitable considerations from enforcing the patent against the defendant; and (4) that costs were improperly awarded to the plaintiffs because four of the five claims in suit were held invalid.

In raising these contentions the defendant makes only a few sporadic references to the findings of fact adopted by the district court in conjunction with its opinion. The defendant's challenges are essentially concerned with the conclusions drawn from the evidence, and for this reason an extensive recitation of the facts underlying the questions presented is not necessary.

Claim four of the patent in suit relates to an "on-the-car" wheel balancer, a mechanical device attached to the wheel of an automobile which performs the balancing operation without removing the wheel from the car. When the balancing operation is completed, visual indicators on the patented device point to the "light spot" of an unbalanced wheel and show the amount of weight to be added to the wheel rim at that point to balance the wheel. The device employs a pair of counterweights which rotate indefinitely in opposite directions relative to a hub carried on a circular base attached to the wheel. The rotating counterweights operate in conjunction with a fixed counterweight attached to the hub which, when disposed opposite the "heavy spot" on the wheel, permits the rotating counterweights to be useful in performing their balancing function through the entire 360-degree cycle of rotation.

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[1] Claims one, six, seven, and twelve of the patent were held invalid. The plaintiffs have not cross-appealed from that portion of the judgment. The district court also dismissed a counterclaim filed by the defendant seeking an implied license under the patent. The defendant does not challenge that dismissal.

The defendant maintains that claim four is invalid because it represents an obvious aggregation of old elements, 35 U.S.C. § 103, and because it is directed to an exhausted combination of elements performing no new function in the combination. The plaintiffs concede that each of the various elements of claim four is found in the prior art. As the district court stated, "The use of two indefinitely rotating counterweights in a balance other than a wheel balancer was disclosed in [the]Thearle patent [No. 1,876,527], although Thearle accomplished the rotation by radially spacing the weights rather than by axially spacing them, an obvious equivalent alternative."[2] 259 F. Supp. at 303. Thearle did not contain a fixed counterweight acting in conjunction with the rotating counterweights, however, with the result that the counterweights in Thearle created a negative balancing action beyond a rotation of 180 degrees. The use of a fixed counterweight in a wheel balancer is shown in an earlier patent obtained by the plaintiff Hemmeter, No. 2,779,196. In the Hemmeter '196 patent the fixed counterweight was used in combination with a single counterweight which was adjustable radially along a single plane. The fixed counterweight enabled the movable counterweight to operate effectively across the full diameter of the balancer.

The district court concluded that claim four, which recites the rotating counterweight-fixed counterweight combination, was a new combination "not apparent to persons skilled in the art." The evidence summarized by the court in its discussion of validity is, we think, adequate to support the court's conclusion. The court noted the superior performance of the wheel balancer embodying the patent, performance which was attested to by the defendant's interest in purchasing Hemmeter's business and patent rights and by the defendant's imitation of the patented device. The court also noted that nothing in the prior art suggested the patented combina-

[2] Claims, one, six, seven, and twelve, which described the rotating-counterweight arrangement, were held invalid because of the Thearle patent, a reference not cited to the Patent Office.

tion and that none of Hemmeter's numerous competitors had discovered it.[3]

The defendant has carefully documented the steps by which it believes the disclosures of the Thearle patent, the Hemmeter '196 patent, and other patents made it obvious to combine rotating counterweights with a fixed counterweight to produce the balancer disclosed by claim four. In this connection it should be noted, however, that Thearle discloses a structure which functions in a substantially different manner than the balancers disclosed in the other references cited. The combination of elements from Thearle and the Hemmeter '196 patent to produce the patented device requires considerably more than a simple transposition, and could properly be held to have demonstrated more than the ordinary skill of the calling.

With reference to the defendant's exhausted combination argument, we think this doctrine and the cases cited to support it, notably *Lincoln Eng'r Co.* v. *Stewart-Warner Corp.*, 303 U.S. 545 (1938), are inapplicable. The *Lincoln Eng'r* case held that the exhausted combination doctrine applies when a number of old elements are aggregated which, when aggregated, produce no new or different operation or result than that theretofore produced. Here the combination of old elements produced a result not previously accomplished—a balancer in which the entire recycling operation of the rotating counterweights is functional, thus permitting the operator to conduct the balancing operation more efficiently than ever before.

Finally, the defendant says the alleged novelty urged by the patentee in his original patent application and through several subsequent amendments related solely to the rotating feature of the pair of counterweights. The defendant notes that the presence of the fixed counter-

[3] In addition, the district court relied upon the fact that the defendant's patent counsel, during the course of negotiations between the defendant and Hemmeter with respect to the sale of the latter's business to the defendant, prepared claim four in the language finally accepted by the Patent Office. We do not attach any significance to the efforts of the defendant's patent counsel with respect to the validity of claim four.

weight was not mentioned in the claims as originally filed, and it argues, with some persuasiveness, that the validity of the patent should not be upheld on the basis of an argument not advanced in the patent office. *Cf., Graham* v. *John Deere Co.*, 383 U.S. 1, 25 (1966). As is clear from the file history, however, many of the patentee's early difficulties with the patent examiner were of a technical, rather than a substantive, nature. After these difficulties were obviated by the draftsmanship of the defendant's patent counsel, the presence of the fixed counterweight in combination with the recycling counterweights became the focal point of claim four, the claim in suit. Even though the patent specifications do not explicitly ascribe novelty to the coaction of the various counterweights, they do sufficiently indicate the significance of the particular combination to nullify the defendant's objection that the inventive concept claimed in the district court was an afterthought.

The defendant next raises a claim of file wrapper estoppel as a defense to the district court's finding of infringement. The district court based its finding upon the equivalence of the defendant's accused structure to the patented device, and the defendant admits that its balancers are the "functional and mechanical" equivalents of the structure disclosed in claim four. The defendant relies upon the familiar rule that a claim of file wrapper estoppel, if established, supercedes the doctrine of equivalents. *E.g., Lewis* v. *Avco Mfg. Corp.*, 228 F.2d 919 (7th Cir. 1956). The defendant says that the language relating to the rotation of the pair of counterweights in certain of the patentee's original claims was thereafter voluntarily "restricted" to require that the counterweights be journalled to the hub in such a manner as to rotate "in axially-spaced planes of rotation." The defendant argues that the patentee is bound by his choice of language and that the plaintiffs are estopped to claim infringement by the defendant because the counterweights in the defendant's balancers are "radially spaced" for rotation in the same plane.

We do not think the proceedings in the Patent Office by which claim four was allowed estop the plaintiffs from relying upon the doctrine of equivalents to support the finding of infringement. A necessary condition for the establishment of a file wrapper estoppel is that the patentee must have narrowed his claim in response to an objection by the Patent Office in order to obtain the patent. *Exhibit Supply Co.* v. *Ace Patents Corp.*, 315 U.S. 126, 136 (1942); *I.T.S. Rubber Co.* v. *Essex Rubber Co.*, 272 U.S. 429, 444 (1926). In this case the patentee's claims as originally filed and as subsequently amended and cancelled variously described the pair of counterweights as journalled "in axially-spaced locations for non-interfering rotation"; "in axially-spaced planes for rotation"; "for rotation"; "for rotation in different axially-spaced planes"; "in axially-spaced individual paths of rotation"; and "in individual paths of rotation." The objections raised by the Patent Office in its rejection of the original and amended claims were not directed to any distinctions of substantive importance to be drawn from one or the other of these phrases, nor did the Patent Office make a restriction in any of such phrases a condition for the awarding of a patent. *Cf., Hunt* v. *Armour & Co.*, 185 F.2d 722, 727 (7th Cir. 1950). Furthermore, in view of these numerous recitations from the cancelled claims, it is apparent that by finally adopting the "axially-spaced planes of rotation" language (through the amendments drafted by the defendant's patent counsel) the patentee was simply adhering to the most descriptive recitation of his structure and was not "abandoning" part of his claim to obtain a patent. The doctrine of file wrapper estoppel is therefore inapplicable.

The defendant contends that the plaintiff Hemmeter's conduct in relation to certain negotiations with the defendant and the subsequent sale of Hemmeter's business to the plaintiff Bishman presents equitable grounds for denying enforcement of the patent against the defendant. The facts upon which this assertion is based are detailed in the opinion of the district judge, in which it was held that the plaintiffs were not barred from enforcing the

patent against the defendant. We find no error in the district judge's thorough treatment of this issue.

The defendant's final argument, that the district court improperly awarded costs to the plaintiffs because four of the five claims in suit were held invalid, must be sustained. The question is controlled by this court's decision in *Zysset* v. *Popeil Bros.*, 318 F.2d 701, 708 (7th Cir. 1963), *cert. denied*, 376 U.S. 913 (1964), where we held that the language of 35 U.S.C. § 288[4] is mandatory and that plaintiffs who were only partially successful could recover no costs because no disclaimer of a claim held invalid was filed prior to the commencement of the infringement action. *See also* 28 U.S.C. § 1928. The plaintiffs in the instant case were therefore not entitled to an award of costs.

The judgment of the district court is affirmed except insofar as it awards costs to the plaintiffs.

[4] 35 U.S.C. § 288 provides:
Whenever, without deceptive intention, a claim of a patent is invalid, an action may be maintained for the infringement of a claim of the patent which may be valid. The patentee shall recover no costs unless a disclaimer of the invalid claim has been entered at the Patent Office before the commencement of the suit.

APPENDIX B

Original Opinion of the Court of Appeals

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The defendant next raises a claim of file wrapper estoppel as a defense to the district court's finding of infringement. The district court based its finding upon the equivalence of the defendant's accused structure to the patented device, and the defendant admits that its balancers are the "functional and mechanical" equivalents of the structure disclosed in claim four. The defendant relies upon the familiar rule that a claim of file wrapper estoppel, if established, supercedes the doctrine of equivalents. *E.g., Lewis* v. *Avco Mfg. Corp.*, 228 F.2d 919 (7th Cir. 1956). The defendant says that the language relating to the rotation of the pair of counterweights in certain of the patentee's original claims was thereafter voluntarily "restricted" to require that the counterweights be journalled to the hub in such a manner as to rotate "in axially-spaced planes of rotation." The defendant argues that the patentee is bound by his choice of language and that the plaintiffs are estopped to claim infringement by the defendant because the counterweights in the defendant's balancers are "radially spaced" for rotation in the same plane.

We do not think the proceedings in the Patent Office by which claim four was allowed estop the plaintiffs from relying upon the doctrine of equivalents to support the finding of infringement. A necessary condition for the establishment of a file wrapper estoppel is that the patentee must have narrowed his claim in response to an objection based upon the prior art in order to obtain the patent. *Exhibit Supply Co.* v. *Ace Patents Corp.*, 315 U.S. 126, 136 (1942); *I.T.S. Rubber Co.* v. *Essex Rubber Co.*, 272 U.S. 429, 444 (1926). In this case the patentee's claims as originally filed and as subsequently amended and cancelled variously described the pair of counterweights as journalled "in axially-spaced locations for non-interfering rotation"; "in axially-spaced planes for rotation"; "for rotation"; "for rotation in different axially-spaced planes"; "in axially-spaced individual paths of rotation"; and "in individual paths of rotation." The objections raised by the Patent Office in its rejection of the original and amended claims were not directed to any distinctions of substantive importance to be drawn from one or the other of these phrases, nor did the Patent Office make a restriction in any of such phrases a condition for the awarding of a patent over the prior art. *Cf., Hunt* v. *Armour & Co.*, 185 F.2d 722, 727 (7th Cir. 1950). Furthermore, in view of these numerous recitations from the cancelled claims, it is apparent that by finally adopting the "axially-spaced planes of rotation" language (through the amendments drafted by the defendant's patent counsel) the patentee was simply adhering to the most descriptive recitation of his structure and was not "abandoning" part of his claim to obtain a patent. The doctrine of file wrapper estoppel is therefore inapplicable.

The defendant contends that the plaintiff Hemmeter's conduct in relation to certain negotiations with the defendant and the subsequent sale of Hemmeter's business to the plaintiff Bishman presents equitable grounds for denying enforcement of the patent against the defendant. The facts upon which this assertion is based are detailed in the opinion of the district judge, in which it was held

that the plaintiffs were not barred from enforcing the patent against the defendant. We find no error in the district judge's thorough treatment of this issue.

The defendant's final argument, that the district court improperly awarded costs to the plaintiffs because four of the five claims in suit were held invalid, must be sustained. The question is controlled by this court's decision in *Zysset* v. *Popeil Bros.*, 318 F. 2d 701, 708 (7th Cir. 1963), *cert. denied*, 376 U.S. 913 (1964), where we held that the language of 35 U.S.C. § 288[4] is mandatory and that plaintiffs who were only partially successful could recover no costs because no disclaimer of a claim held invalid was filed prior to the commencement of the infringement action. *See also* 28 U.S.C. § 1928. The plaintiffs in the instant case were therefore not entitled to an award of costs.

The judgment of the district court is affirmed except insofar as it awards costs to the plaintiffs.

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Whenever, without deceptive intention, a claim of a patent is invalid, an action may be maintained for the infringement of a claim of the patent which may be valid. The patentee shall recover no costs unless a disclaimer of the invalid claim has been entered at the Patent Office before the commencement of the suit.

APPENDIX C

Order Amending Original Opinion Of the Court of Appeals

UNITED STATES COURT OF APPEALS

For The Seventh Circuit

Chicago, Illinois 60604

June 12, 1967

Before

Hon. John S. Hastings, Chief Judge

Hon. Latham Castle, Circuit Judge

Hon. Luther M. Swygert, Circuit Judge

BISHMAN MANUFACTURING Co. and GEORGE T. HEMMETER,
Plaintiffs-Appellees,
v.
STEWART-WARNER CORPORATION,
Defendant-Appellant.

No. 15916

It is ordered that the opinion of this court heretofore filed on May 3, 1967 be amended in the following respects:

On line seven in paragraph two on page five of the slip opinion, delete the words "based upon the prior art" and substitute therefor the words "by the Patent Office."

On line two of the partial paragraph beginning at the top of page six of the slip opinion, delete the words "over the prior art."

It is further ordered that the said opinion be reprinted with the foregoing amendments.

APPENDIX D

Judgment of the Court of Appeals

UNITED STATES COURT OF APPEALS

For The Seventh Circuit

Chicago, Illinois 60604

Wednesday, May 3, 1967

Before

Hon. John S. Hastings, Chief Judge

Hon. Latham Castle, Circuit Judge

Hon. Luther M. Swygert, Circuit Judge

BISHMAN MANUFACTURING Co. and GEORGE T. HEMMETER,
Plaintiffs-Appellees,

No. 15916 v.

STEWART-WARNER CORPORATION,
Defendant-Appellant.

Appeal from the United States District Court for the Northern District of Illinois, Eastern Division.

This cause came on to be heard on the transcript of the record from the United States District Court for the Northern District of Illinois, Eastern Division, and was argued by counsel.

On consideration whereof, it is ordered and adjudged by this court that the judgment of the said District Court in this cause appealed from be, and the same is hereby, AFFIRMED, with costs, except insofar as the said judgment of the District Court awards costs to the plaintiffs, in accordance with the opinion of this Court filed this day.

APPENDIX E

Order Denying Petition for Rehearing en banc

UNITED STATES COURT OF APPEALS

For The Seventh Circuit

Chicago, Illinois 60604

Thursday, June 15, 1967

Before

Hon. John S. Hastings, Chief Judge
Hon. Elmer J. Schnackenberg, Circuit Judge
Hon. Win G. Knoch, Circuit Judge
Hon. Latham Castle, Circuit Judge
Hon. Roger J. Kiley, Circuit Judge
Hon. Luther M. Swygert, Circuit Judge
Hon. Thomas E. Fairchild, Circuit Judge
Hon. Walter J. Cummings, Jr., Circuit Judge

BISHMAN MANUFACTURING Co. and GEORGE T. HEMMETER,
Plaintiffs-Appellees,
v.
STEWART-WARNER CORPORATION,
Defendant-Appellant.

No. 15916

Appeal from the United States District Court for the Northern District of Illinois, Eastern Division.

The opinion of this Court heretofore filed on May 3, 1967, having been modified by order on June 12, 1967;

It Is Ordered by the Court, *en banc*, that the defendant-appellant's petition for rehearing *en banc* be, and the same is hereby DENIED.

APPENDIX F

Opinion of the District Court

250 UNITED STATES DISTRICT COURT.

* * (Caption—65-C-897) * *

OPINION.

This is an action for patent infringement in which defendant counter-claims for a royalty-free license based on what amounts to an alleged breach of promise of corporate marriage.

The facts as set forth in the Findings of Fact may be summarized as follows. Plaintiff, George T. Hemmeter (hereinafter also referred to as "Hemmeter"), is an inventor and prior to 1962 was the principal owner and president of the Hemmeter Corporation which, since 1952, had manufactured mechanical automobile wheel balancers.

Defendant, Stewart-Warner Corporation (hereinafter also referred to as "Stewart-Warner"), through its Alemite Instrument Division, prior to 1962 manufactured and sold an electronic wheel balancer which would
251 indicate the light section of an unbalanced wheel but would not indicate the amount of corrective weight to be added as the mechanical balancers did.

In the fall of 1961, Hemmeter and representatives of defendant entered into discussions looking toward the acquisition of the former by the latter. Stewart-Warner was particularly interested in the lastest model of the Hemmeter "Dial-O-Matic" and the several Hemmeter wheel balancer patents and patent applications, particularly Serial No. 700,778, which ultimately evolved into the patent in suit.

At Stewart-Warner's request, Hemmeter, on October 16, 1961, forwarded his file on the pending application

to defendant with the understanding that it was submitted confidentially for "use in determining the value of the items offered for sale."

Having had no response by November 6, Hemmeter wrote defendant inquiring as to whether or not they were interested in acquiring his business. After some inconsequential communications defendant in mid-December sent four of its representatives to California to inspect the Hemmeter operation. On their return to Chicago the delegation reported that the latest Hemmeter balancer was "superior to competition."

On January 30, 1962, defendant by letter outlined two general alternative approaches which it might be
252 willing to consider as a basis for the acquisition, but made it clear that the suggestions were "informal." Hemmeter replied immediately by letter dated January 31, indicating a preference for the second alternative but suggesting some modifications and the desirability of having preliminary papers prepared.

On February 15, at defendant's request, Hemmeter gave Stewart-Warner power to inspect his pending patent applications which power was filed with the Patent Office on February 28 by one of defendant's patent attorneys who examined the files.

On March 23, Hemmeter, not having heard from defendant, wrote observing that his "personal patent file has been in Stewart-Warner's possession since the latter part of October 1961." He pointed out that certain Patent Office due dates were "dangerously close" with much work remaining to be done. He also requested "a briefing on the progress of the written contracts."

Six days later, on March 29, defendant advised Hemmeter that one of its patent attorneys had discussed the key pending application with the patent examiner who was handling it and suggested that "this office pre-
253 pare a draft of an amendment which should be filed" in the Patent Office before May 12. They ob-

served that if the acquisition was effected prior to May 12, Stewart-Warner would file it directly. If not, then Hemmeter's patent counsel could consider the advisability of filing the amendment as prepared by defendant's patent department.

Hemmeter agreed to the suggestion on April 2 and on April 11, defendant sent him the proposed amendment which, as the covering letter indicated, contained "all new claims." These are the claims which were subsequently allowed and which defendant's patent counsel now urge are invalid although they expressed a contrary opinion in their letter of April 11.

Meanwhile, on April 3, 1962, defendant sent Hemmeter drafts of six proposed agreements which together were to constitute the contract of acquisition. The forwarding letter stated, however, that the drafts were sent only for Hemmeter's comments and cautioned that "None of the agreements should be either dated or signed at this time since this letter does not constitute a firm offer which can be accepted by you." Hemmeter turned the documents over to his general counsel and to his patent attorney who rendered written opinions dated April
254 17 and 18 respectively, both of which severely criticized the drafts.

Hemmeter sent the opinions to defendant with the covering letter on April 19 which expressed the hope that a "workable agreement" might still be reached. Defendant did not reply to Hemmeter's April 19 letter until May 29. In the reply, defendant agreed to some modifications but referred to certain "important problems which still exist" and suggested these be re-referred to Hemmeter's attorneys for further consideration.

Between April 19 and May 29, Hemmeter entered into discussions with representatives of Bishman Manufacturing Co. (hereinafter also referred to as "Bishman"), the first contact taking place on May 12. Hemmeter gave Bishman an option on June 12, one month later. On June 13, Hemmeter advised Stewart-Warner of the op-

tion, and on July 11 informed defendant that the option had been exercised and he had sold his business, including the patents, to Bishman. Defendant, in a letter of July 24, acknowledged receipt of the information and the resultant termination of their negotiations, extended Hemmeter best wishes and invited him to bring to Stewart-Warner's attention any wheel-balancing ideas he might develop in the future.

On July 2, Hemmeter picked up from Associated Techdata Inc. of Palo Alto, California, the original vel-
255 lum drawings of his latest model balancer which drawings had originally been ordered by Stewart-Warner because they desired more sophisticated drawings than those Hemmeter had been using in his manufacture of the balancer. A set of the Techdata drawings had been sent to defendant in April with the advice that the originals were being left "at Techdata pending your further instructions." No such instructions were ever given and, believing that Stewart-Warner no longer had any interest in them, Hemmeter picked up the drawings and turned them over to Bishman along with the other assets sold to them.

In 1962, after learning that Bishman had acquired Hemmeter, defendant instructed its Director of Engineering to design a balancer which would do the same things as the new Hemmeter balancer. While he had no previous experience in designing wheel balancers, he had had some experience in evaluating various competing units. In addition, of course, he had one of the latest Hemmeter models, the drawings thereof which had been forwarded by Hemmeter in April, the full patent application file, the results of the patent search, which disclosed all outstanding patents in the field and the report of the Stewart-Warner delegation which had inspected Hemmeter's plant and observed his production techniques.
256 Armed with this information, defendant's Chief Engineer developed the accused unit.

Plaintiffs contend that the patent in question is valid and that defendant's device infringes five of the claims

allowed in the patent, i. e., claims 1, 4, 6, 7 and 12. Defendant, on the other hand, denies the validity of the claims in question or that its device infringes them and asserts that in any event the patent should not be enforced against defendant or, alternatively, defendant should be given a royalty-free license.

A. Validity.

Dealing first with the issue of validity, it is Hornbook patent law that a patent is presumed to be valid and that the burden of proving its invalidity rests on those challenging it. Defendant, in endeavoring to satisfy this burden, points to a number of earlier patents and asserts that Hemmeter did no more than combine previously known and patented elements which would have been obvious to anyone skilled in the art. As we have set forth in the Findings of Fact, claims 1, 6, 7 and 12 relied on by plaintiff add nothing to the prior art since the use of two indefinitely rotating counterweights in a balancer other than a wheel balancer was disclosed in Thearle patent '527, although Thearle accomplished the rotation by radially spacing the weights rather than 257 by axially spacing them, an obvious equivalent alternative. Accordingly, we have found these claims invalid. Thearle, however, did not include a fixed counterweight with the result that the infinite rotation was useful only through 180 degrees.

Claim 4, on the other hand, admittedly describes a combination not theretofore known or used although defendant now contends anyone skilled in the art could have discovered it. It should be noted that this is contrary to the opinion of defendant's patent counsel at the time they prepared the amendment to the application.

The new combination described in claim 4 includes two infinitely rotating counterweights which rotate in opposite directions, plus a fixed counterweight. The resulting device, which defendant's representatives described as superior to competing balancers, permits easier and more accurate wheel balancing than was pre-

viously possible. The best evidence of this is defendant's evaluation, its interest in acquiring Hemmeter's business, patents and patent applications, and ultimately its development of a model which utilizes the same combination. Imitation by a competitor is not only the sincerest form of flattery but a touchstone of invention as well.
258 That it was not obvious to persons skilled in the art is apparent from the fact that although plaintiffs and defendant are only three of a number of wheel balancer manufacturers, none of them, including defendant, had discovered the combination and its superior performance until Hemmeter developed it.

It follows from the foregoing that claim 4 sets forth a combination which is a substantial advance over the prior art and which was not apparent to persons skilled in the art. In short, it represents invention and claim 4 is valid.

B. Infringement.

Defendant concedes that its accused device was developed to accomplish the same results as Hemmeter's latest model and that all its elements except one are the same as those of that model. It contends, however, that its use of radially spaced infinitely counter rotating weights, one of which is journalled to a sleeve mounted on the arm which supports the other weight, avoids infringement of claim 4 which specifies that the counterweights are mounted for rotation in axially spaced planes and individually journalled for rotation with respect to the hub about the hub's axis.

We have previously held that claims 1, 6, 7 and 12 are invalid in that the axial spacing and individual
259 journalling are the equivalent of the radially spaced weights of the Thearle patent. Defendant has simply adapted the Thearle mechanism for permitting the weights to rotate past each other in opposite directions. If plaintiffs' device for permitting the weights so to rotate is the mechanical equivalent of Thearle, as we have found, then it follows that defendant's arrangement

which is copied from Thearle is an equivalent of plaintiffs' device. Hemmeter's invention consists not of devising a method by which weights can counter rotate infinitely, but in combining such weights with a fixed weight to achieve a superior wheel-balancing device. Defendant's accused device employs precisely this combination though its method of rotating the counterweights is that employed in Thearle.

It follows then that defendant's accused device infringes claim 4 of the patent in issue.

C. Defendant's Counter-Claim.

Defendant urges that Hemmeter's conduct in his dealings with Stewart-Warner and his subsequent sale of his business to Bishman raise equitable grounds either for denying enforcement of the patent against defendant or awarding defendant a royalty-free license.

We conclude that Hemmeter acted fairly and reasonably under all the circumstances. He negotiated and
260 discussed the sale of his business to defendant for approximately eight months, disclosed all the information which Stewart-Warner requested and frequently urged action to bring the transaction to a conclusion. At the end of that time, he was sent drafts of six documents which his counsel found unsatisfactory. He communicated their objections to defendant who took no further action thereon for forty days although its patent counsel were proceeding to secure the issuance of a patent. Finally, he concluded not unreasonably, that he should not put all his eggs in the Stewart-Warner basket and entered into negotiations with Bishman. While defendant was apparently waiting to ascertain the value of the dowry which the bride would bring to the corporate marriage, she understandably concluded that there was a serious possibility of being jilted and found another suitor less cautious.

This hardly constitutes fraud, bad faith or other equitable grounds for denying enforcement of the patent against defendant or awarding it a royalty-free license.

Defendant took a calculated business risk in the handling of the negotiations and in equity cannot now be heard to complain when somebody else "made the deal." Defendant carefully and definitely made it clear that it was not entering into a binding contract to purchase Hemmeter's business while at the same time volunteering
261 to prepare an amended patent application which had been completed and filed before the Bishman negotiations commenced.

D. Conclusion.

We conclude that claims 1, 6, 7 and 12 of the Hemmeter patent in issue are invalid, that claim 4 is valid, that defendant's accused device infringes that claim, and that Hemmeter's conduct was not such as to warrant equitable relief to defendant. Plaintiff is entitled to a judgment consistent with these conclusions providing for appropriate money damages and an injunction against further infringement.

HUBERT L. WILL,
United States District Court

Dated: August 31, 1966